

KREAB

Kentucky Real Estate Appraisers Board

Newsletter



Volume 6

April 2014

Number 1



Inside this issue:

Two Types of Appraisal Reports by Larry Disney	2
Disciplinary Action Investigator Report By Tom Veit	3
Things You Need To Know By Angie & Kim	4
Upcoming Seminar In Remembrance	5
Important Dates	6

The Appraiser Qualifications Board (AQB) adopted changes to the Real Property Appraiser Qualification Criteria that became effective January 1, 2015. These changes represent minimum national requirements that each state must implement no later than January 1, 2015.

The above means that anyone who files an initial application for Kentucky Associate Real Property Appraiser will be required to meet the 2015 criteria, including the following:

- ◆ A Bachelor's degree will be required for either a certified residential or certified general credential.
- ◆ All qualifying education must have been completed within 5 years of the initial application date.
- ◆ There will be no recognition of current criteria being carried over. Each applicant must have been approved by the board to receive a credential **prior** to January 1, 2015; otherwise, all of the 2015 criteria requirements must be met.
- ◆ Both Supervisors and Associates must complete the KREAB Supervisor/Associate Course prior to beginning training or supervision.

Kentucky Licensed/Certified Appraisers

Associates	224
Licensed Residential	17
Certified Residential	762
Certified General	589
Total Number	1592

As of 03/31/2014



KENTUCKY REAL ESTATE APPRAISERS BOARD

135 W. Irvine Street, Suite 301

Richmond, KY 40475

Phone: (859) 623-1658

Fax: (859) 623-2598

Web site: www.kreab.ky.gov

BOARD MEMBERS

HAROLD G. BRANTLEY - CHAIRPERSON

Appraiser Member

Bowling Green

Term - 11/19/2015



SAM E. BLACKBURN - VICE-CHAIRPERSON

Lender Member

Frankfort

Term - 11/12/2014



G. HERBERT PRITCHETT -

Appraiser Member

Madisonville

Term - 11/12/2014

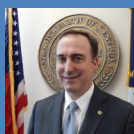


THOMAS OLIVER -

Lender Member

Glasgow

Term - 11/19/2016

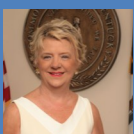


KATHY MAYFIELD -

Consumer Member

Winchester

Term - 11/19/2016



STAFF MEMBERS

Larry Disney, Executive Director

Tom Veit, Executive Assistant

Angie Thomas, Staff Assistant

Kim Mathias, Executive Secretary

James Grawe, Legal Counsel

Two Types of Appraisal Reports

By: Larry Disney,

Executive Director



Two Types of Appraisal Reports

The 2014-2015 edition of USPAP identifies two written appraisal report types, 1) Appraisal Report, and 2) Restricted Appraisal Report.

Although many of the Kentucky licensed and certified appraisers have completed the 2014-2015 USPAP 7-hour Update Course, the questions presented to the board office, and the issues found in complaint files, lead the staff and board members to conclude that confusion still exists pertaining to the depth of information that is required when a pre-printed appraisal report form is used to convey the assignment results for both residential and general property appraisal reports.

Currently many of the pre-printed forms require a box be checked for purposes of satisfying the existence of certain information having been analyzed and developed. However, if the report is identified as an Appraisal Report, the contents must comply with Standards Rule 2-2(a)(i)-(xii), specifically the following, which requires the reported assignment results to not only be stated, but also be summarized:

SR 2-2(a)(iii)	summarize information sufficient to identify the real estate involved in the appraisal, including the physical, legal, and economic property characteristics relevant to the assignment; ¹⁹
SR 2-2(a)(vii)	summarize the scope of work used to develop the appraisal; ²²
SR 2-2(a)(viii)	summarize the information analyzed, the appraisal methods and techniques employed, and the reasoning that supports the analyses, opinions, and conclusions; exclusion of the sales comparison approach, cost approach, or income approach must be explained;
SR 2-2(a)(x)	when an opinion of highest and best use was developed by the appraiser, summarize the support and rationale for that opinion;

The comments included with Standards Rule 2-2(a)(i)-(xii) are also a binding part of USPAP. In addition to the above requirements, some of the comments also include a requirement to summarize support for assignment results. Each appraiser is responsible for reading, understanding, and complying with all requirements of USPAP.

Anyone who has questions or require additional information is asked to contact the Kentucky Real Estate Appraisers Board Office.

¹⁹See Advisory Opinion 2, *Inspection of Subject Property*, and Advisory Opinion 23, *Identifying the Relevant Characteristics of the Subject Property of a Real Property Appraisal Assignment*.

²²See Advisory Opinion 28, *Scope of Work Decision, Performance, and Disclosure*, and Advisory Opinion 29, *An acceptable Scope of Work*.

[Find us on Facebook!](#)





Disciplinary Action

January 1 - March 31, 2014

Appraiser Cases Dismissed : 24

13-05 13-11 13-14 13-17 13-19 13-20 13-21 13-22 13-23 13-25
13-26 13-34 13-35 13-39 13-40 13-50 13-51 13-53 13-55 13-56
13-57 14-01 14-04 14-07

AMC Cases Dismissed: 2

12-02 12-03

Cases Filed: 3

Case No.s 12-63 & 12-68

Violation: Failed to comply with the Nat'l USPAP rules 1-1(a); 1-4 (b)(i); 1-5 (a)(b); 1-6 (a)(b); 2-1 (a); and 2-2(b)(viii)(ix)

Agreed Order:

- 52 hours of education in addition to the regular continuing education requirement of 201 KAR 30:050, § 7 to be completed by December 31, 2014
- Submit log to the Board every 3 months for a period of one year or until satisfactory results.
- Not act as a supervising appraiser until the terms of the Agreed Order has been completed and the Board has determined s/he qualifies to supervise Associates.
- Cannot renew certification (for 2015 renewal cycle) until all terms are met.

Case No. 13-04 (Associate Appraiser)

Violation: Failed to comply with pertinent provisions of the Nat'l USPAP rules 1/1(a)(b)(c); 1-2(e)(i); 1-5(a); 2-1(a)(b); and 2-2(b)(viii)(x)

Agreed Order:

- Appraiser was fined the sum of \$250.
- 30 hours of education in addition to the regular continuing education requirement of 201 KAR 30.050, § 7 to be completed by June 30, 2014.
- Board has the right to review files for a period of two years from the date of the Agreed Order.
- Cannot renew his/her certification (for 2014 renewal cycle) until all terms are met.

Case No. 13-04 (Supervisor)

Violation: Failed to comply with pertinent provisions of the Nat'l USPAP rules 1/1(a)(b)(c); 1-2(e)(i); 1-5(a); 2-1(a)(b); and 2-2(b)(viii)(x)

Agreed Order:

- Supervisor was fined the sum of \$250.
- 30 hours of education in addition to the regular continuing education requirement of 201 KAR 30.050, § 7 to be completed by June 30, 2014.
- Board has the right to review files for a period of two years from the date of the Agreed Order.
- Cannot renew his/her certification (for 2014 renewal cycle) until all terms are met.

Investigator Report

As of 10/25/2013 anonymous complaints are no longer being accepted. Currently the total number of complaints submitted for 2014 is 16, which will keep us in line with complaints received from the last three to four years (approximately 60). The Grievant sources that are on the rise are the home owner and/or real estate sales professional.

All cases that have been filed between the dates of August 2013 to March 25, 2014 should be investigated within the next three months. The percentage of dismissed cases since 1992 is approximately 43%, and 33% of cases have required education and/or fines.

The most common deficiencies that we are seeing is with the lack of summarization with the Fannie Mae appraisal forms. Remember - it is the appraiser that makes the forms USPAP compliant, and not the other way around. An example with the 1004 form is highest and best use. The form states, "Is the highest and best use of the subject property as improved the present use? If no, describe." The form indicates if you checked the box "yes" there is no need to summarize your support and rationale. However, Standard Rule 2-2(a)(x) states, "When an opinion of highest and best use developed by the appraiser, summarize the support and rationale for that opinion."

Investigator Report

By: Tom Veit,
Executive Assistant



APPRAISERS...

When can you renew???



Appraisers who have completed 14 hours of Continuing Education, **including the 2014-2015 National USPAP 7 Hour Update Course** may renew their license/certificate between May 1st - July 1st. You may renew on-line, by mail, or in person. You will **NOT** be mailed a renewal form. Forms will be available on our website beginning May 1st. Any renewals received by mail must be postmarked no later than July 1st. In order to prevent unnecessary delays for your renewal, please visit www.kreab.ky.gov.

Continuing
Education
Requirement

14 HOURS

Including the
7 hour
Nat'l USPAP
update course



The KREAB office must have the following at all times:

CURRENT

Mailing address, E-Mail address and Telephone number per [KRS Chapter 324A \(3\)](#).

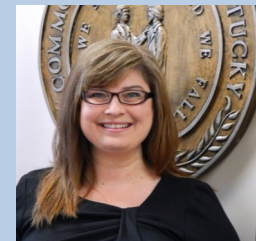
**Beginning
March 1, 2014**

[FBI Criminal Background Checks](#)
will be required for all initial
applicants for Kentucky Real
Property appraisal credentials
per KRS 324A 0.100.



Angie Thomas
Staff Assistant

Things You Need To Know...



Kim Mathias
Executive Secretary

Upcoming Seminar...

Last chance to sign up for the KREAB News, Views, & Updates Seminar

KREAB will be offering a Continuing Education course that will cover Board Statutes, Administrative Regulations Updates, Board cases and common deficiencies, and Q&A with KREAB Board Members and Staff. We will also have Attorneys from the Liability Insurance Administrators to cover Loss Prevention Program for Appraisers. **This course will be offered in Florence, KY on Friday, April 4th.** To register please print PDF file and mail with payment to the Board or register on-line at www.kreab.ky.gov.



Angie Thomas, Staff Assistant
Mike Humfleet, Appraiser
Sue Wright, Appraiser
Tom Veit, Executive Assistant



Lexington, KY



Bowling Green, KY

<i>John Chandler</i>	<i>Certified General - London, KY</i>
<i>Michael Helton</i>	<i>Certified Residential - Ashland, KY</i>
<i>Espy Ray Highley</i>	<i>Certified Residential - Frankfort, KY</i>
<i>Thomas Mudd</i>	<i>Certified Residential - Lexington, KY</i>
<i>Jerry Williams</i>	<i>Certified Residential - Crockett, KY</i>



Important Dates

Friday, April 4th	KREAB News, Views, & Updates Seminar in Florence, KY - KREAB Office is closed.
Friday, April 18th	KREAB Office will be closing at 12 Noon in observance of Good Friday.
Friday, April 25th	Board Meeting at KREAB Office starting at 9:00 AM. First day of the 2014 Renewal Period for Appraisers.
Thursday, May 1st	Appraisers with 14 hours of completed CE (7 hours must be USPAP) may begin renewing at this time.
Thursday, May 15th	DEADLINE - All CE for 2014 must be completed by today.
Friday, May 23rd	Board Meeting at KREAB Office starting at 9:00 AM.
Monday, May 26th	KREAB Office will be closed in observance of Memorial Day.
Saturday, May 31st	DEADLINE to submit Certificates of Completion for 2014 Continuing Education courses.
Friday, June 27th	Board Meeting at KREAB Office starting at 9:00 AM.
Tuesday, July 1st	DEADLINE - ALL renewals must be completed by this day. Any renewals received after July 1st will result in a \$200 penalty fee.
Friday, July 25th	Board Meeting at KREAB Office starting at 9:00 AM.

KREAB Board Staff Change

The board and staff are pleased to welcome Kim Mathias as Executive Secretary.
Kim began work at the board on November 1, 2013.